



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 30 (ending 22/07/2016)

“He who is not courageous enough to take risks will accomplish nothing in life.” – *Muhammad Ali*

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**On Thursday** – the ECB left monetary policy unchanged as expected, but Draghi indicated in his press conference that the Bank could look to loosen later in the year if conditions worsen.

**Markets were higher on Friday** – shrugging off news that UK PMIs fell more sharply than anticipated in July. Sentiment was helped by news that euro-zone PMIs were broadly stable, helped by unexpected gains in France and Germany.

**Equity Markets over the week** – traded in a narrow Summer range despite some good Q2 company reports. Core Eurozone bond markets gave back some of the recent gains with 10 year Germany temporarily trading at a marginally positive yield.

**Central Banks** – from Washington to Tokyo take centre stage this week, although policymakers are likely to remain cautious as they wait for the dust to settle from Britain's shock vote to leave the EU.

**In Europe** – the week's top event will be Friday's release of banking stress test results, with all eyes focused on Italian lenders, seen as the weakest link due to their low profitability and the 360 billion euros (\$397 billion) worth of non-performing loans on their books, a legacy of Europe's debt crisis.

**Officials from the Department of Finance** – and the Revenue Commissioners said they are investigating recent media reports that so-called vulture funds are using a clause in Irish law to pay small amounts of tax here. Minister for Social Protection Leo Varadkar said the Government is "very concerned" at suggestions that vulture funds may be using tax avoidance methods in Ireland. The minister said that Ireland needs to make sure that the country's tax base is not eroded and that no reputational damage is done to the country.

**The Story of the week:** Donald Trump's wife, Melania, took centre stage on the first day of the Republican National Convention, but found herself in the midst of an embarrassing plagiarism controversy. The billionaire businessman's wife appeared to have taken liberal inspiration from a 2008 speech by US First Lady Michelle Obama for her own address to the Republican convention on Monday night. A Trump campaign official suggested the similarity to Obama's speech may have been the result of an error by her team of speech writers. “An error is certainly one way of putting it”.

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# Index Performances and Market Data\*

<b>Equity Markets % (in Local Currency)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD (to 22/07)</b>
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-13.5
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	10.3
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-6.8
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	7.7
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	1.8
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-12.6
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	6.2
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	2.4
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
U.S.	1.9	1.7	3.0	2.2	2.2	1.6
German	1.8	1.4	1.9	0.5	0.6	0.0
UK	2.0	1.9	3.0	1.9	1.9	0.8
Japan	1.0	0.7	0.7	0.3	0.2	-0.2
Ireland	8.4	4.5	3.4	1.3	1.1	0.5
Italy	7.1	4.6	4.1	2.1	1.6	1.3
Greece	31.7	12.7	8.2	9.6	7.9	7.9
Portugal	13.4	6.9	6.1	2.7	2.5	3.0
Spain	5.1	5.4	4.1	1.6	1.7	1.1
<b>Central Bank Rates (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
<b>Foreign Exchange Rates</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 YTD</b>
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.10
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.84
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.32
<b>IPD All Property Return (%)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Ireland	-2.4	3.1	12.7	40.1	25.0	2.9 (to end of Q1)
U.K.	8.1	2.7	10.7	17.8	13.1	1.1 (to end of Q1)
U.S.	14.5	5.3	11.4	11.2	12.1	2.1 (to end of Q1)

\*Past performance is not a reliable guide to future performance